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ABSTRACT

This paper proposes a course in business communication that includes international or global perspectives in its philosophy, content, and assignments. The course is proposed because current business education does not thoroughly address the global perspective in business communication, thereby making graduates assuming leadership roles in American business prone to errors in judgment or practice. A suggested course is outlined and illustrated through a syllabus that meets American Assembly of Collegiate Schools of Business standards for accreditation. In the course, international perspectives permeate the entire theoretical framework underlying organizational communication as well as the pragmatic aspects introduced by the need to communicate across borders and among cultures. The paper also includes a schema that describes how the course is taught in 45 contact hours, a description of a capstone project or case analysis with international aspects, and a 14-item reading list to be used primarily in graduate course work. The sample case analysis studies Pan American State Bank and its international concerns, with written analysis and 17 tables of data. Also included is a communication audit plan, which is a detailed series of questions with international components to be asked about an organization during the type of situational audit that students might undertake as part of this course. (JB)

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BUSINESS COMMUNICATION:

AN UNDERGRADUATE AND GRADUATE EXPERIENCE

WITH GLOBAL PERSPECTIVES

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Audience: Business Educators, Organizational (Business) Communication

Presentation Time: 20-30 minutes

Handout Material: Yes; (1) Standardized syllabus in AASCB format
(2) Syllabus used in course as taught
(3) Sample capstone case study
(4) Sample reading list

Business Communication: An Undergraduate and Graduate Experience with Global Perspectives

Although the AACSB has repeatedly called for globalization of undergraduate and graduate courses covering areas included in the accreditation standards' definition of the common body of knowledge, a survey of recent pedagogical publications (AACSB report *Emerging Perspectives in Management Communication* and *Teaching Business Communication* published by the ABC) finds that only nominal attempts have been made to apply a global perspective to organizational communication courses. In general, most organizational communication courses do well in introducing interpersonal, group and organizational communication theory and providing practice in applying concepts. However, most communication courses give short shrift to the differences introduced into the process by cultural influences. This oversight makes graduates assuming leadership roles in American business prone to errors in judgment or practice which may imperil businesses' operations in the global community.

This paper describes a model organizational communication course. The course is based on the accepted body of knowledge about communication processes as currently taught in many schools. However, in this model course, international business issues, concerns and problems based on cultural, social and political influences are interspersed as a natural phenomenon of standard business practices. Communication concepts and techniques are applied through the use of weekly assignments. A capstone case study challenges students with a realistic situation.

Business Communication: An Undergraduate and Graduate Experience with Global Perspectives

INTRODUCTION

The American Assembly of Collegiate Schools of Business (AACSB) publishes standards for use as guidelines when seeking accreditation of programs. These standards define five areas as comprising a Common Body of Knowledge (CBK): (1) concepts and processes for business functions (including marketing, finance, and operations management); (2) economic and legal environment (including ethical, social and political influences); (3) concepts and applications of accounting and quantitative methods (including management information systems); (4) organization theory, behavior and interpersonal communication; (5) administrative processes (including analysis and policy determination). These guidelines further suggest that curriculum elements covering each area of the CBK should include both domestic and global perspectives.

In general, business program administrators and faculty have found two ways to include worldwide perspectives as prescribed in the CBK. First, courses may focus on worldwide perspectives for each business function or component of the CBK. For example, courses included in a curriculum may carry titles such as International Marketing, International Finance or International Legal Environment. Second, courses already in the curriculum covering elements in the CBK may be designed to include significant emphases on international aspects related to the CBK. For example, a course in Marketing Management may include emphases on global marketing issues such as trade, distribution, promotion and pricing policies and practices as they differ from or are similar to domestic markets.

If specialized courses like those in the first group are not required, some students may graduate without significant exposure to the global aspects of business operations unless courses like those in the second group are common in the curriculum. Although it is conjectural, the implementation of courses like those in the second group offers a significant advantage: these courses provide a natural context in which students can learn to think in global terms relative to specific areas in the CBK.

Until recently, attempts to include global perspectives resulted in some textbooks merely adding a chapter dedicated to international aspects of a topic. In many cases, these chapters were included late in the books and their content relegated to discussion in the waning days of a semester, if at all. Newer textbooks have done a better job of including

international components throughout by adding case discussions, problems related to specific international situations and chapter sections illustrating applications in international operations. In order to effectively and efficiently use these new texts to build in successful emphases on international perspectives, instructors need to update their pedagogical knowledge and skills.

Even with these developments, one area of the CBK is consistently overlooked. Inter- and intrapersonal communication generally get significant treatment in course content, but the context is usually domestic. Global contexts are rarely provided. This judgment comes from two sources: the AACSB itself and the Association of Business Communication (ABC), the primary professional association for instructors in business communication.

In recent studies, the AACSB has expressed concern that managers rated business graduates, at both the undergraduate and graduate levels, as having poor communication skills. Managers rate graduates as having adequate to excellent preparation in quantitative and analytical skills but graduates are inadequately prepared to communicate the information derived from applying those skills. This deficiency prompted the AASCB to publish *Emerging Trends in Managerial Communication.*. It focused on an analysis of syllabi for communication courses taught in business schools across the country. Some schools required communication courses in their degree plans but others included them only as electives. In the analysis of course content, globalization or internationalization of content was relegated to fifth mention among the "other" elements included in courses.

The ABC recently published its second edition of *Teaching Business Communication*, a collection of articles and essays. Although the subject of articles varied widely, ranging from suggesting a doctoral degree program in business communication to "how to" articles on using overhead projectors effectively, no article mentioned ways to modify business communication course content to meet the AACSB guidelines regarding international perspectives. This omission contradicts the discipline's commitment to the business CBK.

This paper proposes a course in business communication that includes international or global perspectives in its philosophy, content and assignments. More specifically, international perspectives should permeate the entire theoretical framework underlying organizational communication, as well as the pragmatic aspects introduced by the need to communicate across borders and among cultures. The course's content is designed to meet some of the international communication needs identified by two Fulbright Scholars during a recent study and lecture tour of India and Western Europe.

The course described in this paper is outlined and illustrated in the following handouts: (1) a syllabus that meets AACSB standards for documenting course content for accreditation; (2) a schema that describes how the course is taught in 45 contact hours; (3) a communication audit plan (process and document), including international components; (4) a capstone project with international aspects (case analysis), and (5) a sample reading list to be used primarily in graduate course work.

COMMUNICATION STUDY PERSPECTIVES

There are four types of communication courses taught in U.S. business schools. Four widely-used labels both describe and classify them. Some academics tend to use these terms synonymously but each term contains its own unique perspective of what business communication is all about.

Business communication is the traditional label for communication courses found in business schools. It traces its lineage to courses taught early in this century when the emphasis was mostly on the technical skills needed to write letters and memos. In time, oral communication, or speech, became an integral part of some courses. In many ways, the content of this type of business communication courses appears to be allied more with English than business courses since the focus is on communication skills—writing and speaking.

Organizational communication is a label applied to a course that sometimes replaces the basic business communication course or serves as a second course in a two-course sequence. This type traces its lineage to communication studies done in programs usually related to the traditional Arts and Sciences. Organizational communication focuses on communication theory and communication systems as either stand-alone objects of analysis or as subsystems of larger units of study. Organizational communication tends to focus on inter- and intrapersonal communication or dyadic, triadic and small group communication systems.

Management communication, a label that is most often attached to graduate level courses, traces its lineage to business communication faculty and curriculum designers who wanted to bring graduate business communication instruction to the same plane as traditional MBA courses. Management communication "fits" into the general curricular set as courses with labels such as Management Accounting, Management Finance and Marketing Management. The focus of management communication is on communication strategies and skills needed by managers to manage an organization.

Therefore, these courses tend to emphasize tactical communication tools, writing and speaking, and their uses in business management situations.

Managerial communication represents, perhaps, the most sophisticated label in the business communication lexicon. Its intent is to integrate traditional management functions, communication theory and communication skills. Although a managerial communication perspective looks at the broader implications of communication aspects of planning, controlling and coordinating organizational activities, it tends to look inward, even when it focuses on issues and problems of communicating directly with constituencies external to an organization.

A common weakness in all four types of business communication courses is the failure to recognize the role that communication plays in (long-term) strategic planning and operations of an organization. Management theorists describe organizational systems as operating in an environment of diverse entities, each of which has potential influence on the organization or may be influenced by the organization's operation. Models of organizational structures illustrate connections between these entities as seen in the lines, arrows or other graphic devices used to imply that relationships exist among them. What these models don't acknowledge is that those lines and arrows are, in reality, communication linkages. They represent relationships through which information flows and understanding is promoted inside an organization and between it and all potential external groups. This omission is common to all four of the business communication types described above. This paper proposes a fifth perspective—**Strategic Communication Policy and Practice**.

STRATEGIC COMMUNICATION POLICY AND PRACTICE

Strategic Communication Policy and Practice (SCPP) focuses on policy-level implications of communication practice. For example, all activities of an organization send *explicit messages* (those deliberately encoded and transmitted to specific stakeholders) and *implicit messages* (those inferred by stakeholders and audiences, including unintended ones, from some type of contact with an organization's operations). Advertising, public relations, publicity, sales promotion materials, executive speeches, letters to customers and memos to employees are examples of explicit messages. Implicit messages, on the other hand, are inferred by audiences from the activities of an organization. The handling of emergencies, such as cleaning up from an oil spill in an environmentally sensitive area, sends positive or negative messages about an organization, depending on how audiences perceive that performance.

The business communication course proposed in this paper is designed to sensitize undergraduate and graduate students to the concern for both explicit and implicit communications flowing to and from operational and environmental entities. It addresses traditional concerns of business communication—the ability of students to effectively and efficiently use symbols to transmit ideas, but it also emphasizes the need to evaluate the strategic implications of tactical communications.

GLOBAL IMPLICATIONS OF SCPP

Explicit messages must be important parts in the globalization or internationalization of the skill components in any business communication course. That is because language, customs and societal differences require explicit strategical and tactical message encoding that are sensitive to a diverse range of frames of reference, especially in the international or global exchange of information. For example, early attempts to globalize advertising resulted in the use of literal translation of domestic messages into foreign markets. In general, the outcomes were less than positive. As global advertising has matured, the more accepted practice is to use nationals to produce messages appropriate to local customs and values. If the same tactics are used across geo-political or social boundaries, "sense translations", not literal translations, are common.

The potential problems created by implicit messages are as important as explicit messages. They also are often more difficult to deal with operationally. Business communication students must be sensitized to the nature of these problems. The ability of global communication networks to deliver messages to unintended audiences creates an infinite range of potential operational problems for any organization operating in a global setting. Actions and reactions from unintended audiences can reverberate throughout an organization's operating environment. The interdependence of elements in the global marketplace harbors the danger that even the most innocuous event, even for a "domestic only" firm, may have global impact. For example, an inadvertent ethnic comment by a chief executive officer to the sales force via teleconference in the United States may show up the next day in the newspaper of another country populated primarily by people of that ethnic origin. Not only may they be upset with the CEO and the company but their anger may be directed to all of U.S. business or, perhaps, toward society as a whole.

COURSE MATERIAL

The next pages of this paper provide several key pieces to teaching the Strategic Communication Policy and Practice concept. The first two are standardized syllabi, in a

format useful for AACSB accreditation documentation, for an undergraduate and a graduate course based on the SCPP concept. The syllabi include cross references of topics to the AACSB-defined CBK. In addition, the syllabi define the specific segments of topic material relevant to the global aspects of SCPP.

The syllabi are followed by the first component of a capstone case study. In reality, this case forms the basis for several weekly assignments before students are ready for the major end-of-the-semester project. For example, one weekly assignment requires students to define the organization's mission as demonstrated by its performance. This is an application of concepts in the problem- solving and planning segments in the syllabi. Several weekly assignments involve students preparing summary reports for the account supervisor of the consulting team, interim reports to the client and other types of written documents associated with the process of planning the organization's communication processes; networks and execution.

The pages of this paper following the initial capstone case define the situation for the final project in the semester. In meeting the challenge of the final situation, students must use the information developed in the weekly assignments to prepare a communication plan for the final situation.

The final situation for the capstone is followed by an outline for organizational audit that forms the basis of planning for student working with the case study. The outline is designed to lead the student into areas of inquiry, not to be a fill-in-the-blank form for information. Graduate students are expected to perform at a much higher level of sophistication in analysis and solution recommendation than are undergraduate students.

The last element in this packet is a sample reading list of articles from recent trade and popular periodicals that focus on the problem of communication and cultural empathy in business relations. This list is not exhaustive, but, rather, it is a sample of the types of articles that can serve as the basis for productive discussion in both undergraduate and graduate settings.

Standardized Syllabus
Organizational Communication
Undergraduate

Course Number: Business XXXX

Course Title: Organizational Communication

Instructors:

Required Text: Undergraduate

Organizational Communication, Wells and Spinks, Dame Publishing, 1990
Business Writing Quick and Easy, Brill, AMACOM, 1990.

Description of Course: A systems approach to information processing which concerns itself with the psychological and practical aspects of communication applied to organizational networks/ research. Inter- and intrapersonal communications are stressed, along with the informal channels of communication in various corporate cultures. Basic applied and experimental research are encouraged/required.

Objectives: Major objectives of this course are:

- To provide students with the theoretical framework to understand communication as a significant variable in organizational effectiveness.
- To provide students with an understanding of the roles of symbolic information transmission as a carrier of meanings across social, cultural and personal borders.
- To provide students with an opportunity to practice communication skills involved in effective written and oral presentation as a productive way to increase their individual effectiveness in organizations.

Area of Common Body of Knowledge Covered

(a) Business Functions
(b) Economic/Social/Legal Environment
(c) Quantitative Methods & Information Systems
(d) Organizational Theory and Interpersonal Behavior
(e) Administrative Processes and Policy

Topics covered:

Area	Topic	Classroom Hours	
		Topic	Intern'l
(d)	Communication Theory	3	
(b)(d)	Communication as an Organizational Subsystem		
(d)	Symbols and Language in Communication[1]	3	.5
(d)	Intra- Interpersonal Comm.[2]	3	.5
(d)	Barriers to Communication[3]	3	.5
(d)	Mechanics of Communication	6	
(b)(d)	Group communication	3	
(d)(e)	Application of Communication Techniques[4]	15	1
(b)(d)(e)	Communication and Organizational Change [5]	3	.5
	Total	45	3

[1]Includes discussion of symbol development, based on social, cultural and environmental differences.
[2]Includes discussion of perceptual differences found in different cultures and their impact on message interpretation.
[3]Includes specific language differences impeding communication, as well as cultural and social filters that shade meaning and interpretation.
[4]Includes discussion about types of communication applicable to global communication and the communication technologies available to enhance or impede communication flow across international borders.
[5]Includes discussion of the impact of global market conditions and communication on structuring the organizational environment.

Standardized Syllabus
Organizational Communication
Graduate

Course Number: Business XXXX

Course Title: Strategic Communication Policy and Practice

Instructors:

Required Text: Graduate

Strategic Organizational Communication, Conrad, Holt, Rinehart and Winston Publishing, 1990
Business Writing Quick and Easy, Brill, AMACOM, 1990.

Description of Course: .

Objectives: Major objectives of this course are:

- To provide students with the theoretical framework to understand communication as a significant variable in organizational effectiveness.
- To provide students with an understanding of the roles of symbolic information transmission as a carrier of meanings across social, cultural and personal borders.
- To provide students with an opportunity to practice communication skills involved in effective written and oral presentation as a productive way to increase their individual effectiveness in organizations.
- To provide students with the opportunity to apply skills and techniques in planning and implementing communication programs for an organization including global linkages and impact.

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Area of Common Body of Knowledge Covered

(a) Business Functions
(b) Economic/Social/Legal Environment
(c) Quantitative Methods & Information Systems
(d) Organizational Theory and Interpersonal Behavior
(e) Administrative Processes and Policy

Topics covered:

Area	Topic	Classroom Hours	
		Topic	Intern'l
(b,d,e)	Dimensions of Organizational Communication: Communication and Cultures[6]	9	3
(b,d,e)	Dimensions of Organizational Communication Systems[7]	9	3
(b,d)	Contexts for Strategic Communication: Decision Making, Conflicts and Sex Roles	9	3
(d)(e)	Application of Communication Techniques[8]	12	3
(b)(d)(e)	Presentations	6	
	Total	45	12

[6] Includes discussion to sensitize students to the factors that influence relationships of people from different cultures.

[7] Includes discussion of the role of organizations as subsystems in the global environment and the relationships influences by organizational activity within the operational environment.

[8] Includes discussion about types of communication applicable to global communication and the communication technologies available to enhance or impede communication flow across international borders.

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Case Study for GENB 3335
University of Texas–Pan American
Fall, 1990

Pan American State Bank

and Competition in and around Edinburg, Texas

This case is designed to provide the type of information encountered in professional work environments. It is not intended to reflect actual situations currently found in Hidalgo County.

*Pan American State Bank**

Pan American State Bank (PASB) is one of the old-line banks in Hidalgo County, comprised of four major cities and approximately 150,000 people. It was one of three banks located in midtown Edinburg, Texas, for several decades. The other two banks were First Federal State Bank and Texas State Federal Bank. In 1971, growth in the market prompted introduction of two competitors, Edinburg State Bank and Rio Grande Federal Bank. Texas Stockman's Bank was chartered in 1983, Magic Valley Bank and Trust in 1988, and Snow Birds Federal Bank is chartered to begin operations in 1990. Since branch banking is now authorized by state statute, PASB is constructing a branch on the southwest side of town. The area is rapidly developing with middle class single-family housing as well as being readily accessible to residents in affluent North McAllen neighborhoods

Changes in state banking laws resulting from banking deregulation legislation in the 1980s have altered the market dramatically. Not only do new banks represent more direct competition, but so do savings and loans and credit unions which can now offer services traditionally reserved for banking institutions.

Management at PASB realizes that their market has become turbulent over the past few years, especially with the spill-over effect from the savings and loan crisis. PASB has had a marketing department for some time, although its primary job function was to place advertising in local media and to conduct occasional special promotions as enticement for new accounts. Because of the perceived lack of expertise on the bank's staff, they have hired us, Pan American Management Consulting, to provide an audit of the current status of communication processes in the bank and to make recommendations for improvements.

Pan American Management Consulting

PAMC's research department has been working on this project for some time and has already gathered data for the consulting team's use in the audit. The latest published "bank calls"—statements of financial conditions required for public publication at the close of each operating quarter—may give you a sense of what is going on in Edinburg-area banking this year. For example, Table 1 shows total deposits for all banks and reveals that PASB held 32% market share in 1966 but it dropped to 19% by the end of 1988.

This could be rationalized easily by looking at PASB's time deposits which have grown by 2,999% in the 22-year period. But a check of the last column shows that time

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* This case is based one published in *Public Relations Writing: Form and Style* by D. Newsom and B. Carrell, Wadsworth Publishing Co., 1986.

deposits in all banks increased by 4,034%. The increase in competition could account for the share loss; however, Texas State Federal Bank shows only a 3% drop in market share over the same period. Of course, this may only mean that TSFB was doing an aggressive job of promoting itself and that PASB was somewhat passive.

Demand deposits (those which can be withdrawn at any time without penalty) shown in Table 2 reveal much the same thing. PASB lost 8% share by 1988, but TSFB had gained a full point. Apparently PASB felt the impact of increased competition more than the other banks. The bank with the most success in gaining market share was Edinburg State Bank which grew from 13% to 21%.

When time and demand deposits are added together, they produce a profile of the total deposits in all banks in Edinburg. PASB lost 10% of its market share during the period, although that's somewhat better performance than First Federal State Bank's loss of 15%. Texas State Federal Bank kept its loss to only 7% of market share. Edinburg State Bank now has 18% and Rio Grande Federal Bank has moved steadily to claim 9% share. Table 3 shows these data.

When Edinburg State and Rio Grande Federal entered the market in 1971, they almost immediately gained 22.7% of the market, a big chunk of which came from PASB's share, shown in Table 4.

In an effort to make some of the information useful in revealing relationships among the banks' performances, the research department has created an index number for each bank, shown in Table 5. Because Texas Stockman's Bank didn't enter the market until 1983, the research department had to use a base year, 1986, that is more recent than it would have liked. The index suggests that PASB is on a positive course, especially compared to FFSB, TSFB and Edinburg State. The index numbers for Rio Grande Federal look impressive, but closer examination of the previous tables shows Rio Grande has been languishing for years. Any small growth in total assets is magnified by an index. Since Texas Stockman's has been a competitor for such a short time, its showing in the index is best ignored.

Pan American State Bank has a clearly conservative philosophy regarding loans. Of course, one of the ways banks make money is by lending money and charging interest on it. Their profitability is related to the difference between rates at which money is loaned and rates paid on deposits. If loans are not sound and can't be collected or for only a few cents on the dollar, then the bank loses money. Hence, if bad loans are common, not only are the bank's profits endangered but the safety of depositors' money is threatened. Table 6 compares PASB with the competition.

PASB was tied with FFSB with 30% market share in 1966. Texas State Federal was about 10 points ahead. Because of economic changes in the 1970s and 1980s, PASB became more conservative in loan practices than it had in the previous 30 years—so much so that its share of loans in Hidalgo County fell to 10% by 1985. Close of business for 1988 saw PASB with 14% share of loan market in Hidalgo County. FFSB seems to have followed a similar pattern. However, Texas State Federal bank continued to loan at high levels, closing 1988 three points ahead of its historic high of 40%. The other banks seem not to have been affected much during this time period.

Loan practices alone do not provide a complete picture of a bank's activity. The capital of each bank must also be analyzed to provide some indication of each bank's strength and how easily it can absorb bad loans. Table 7 shows that PASB has increased its capital over the years, as have the other banks, but as a percentage of the total capital in Hidalgo County, PASB controls 24%, a larger proportion than each of the other banks except for Texas State Federal Bank, which has lost relative capital of 9%. This suggests that PASB is relatively strong as a banking institution, but how strong?

One way to answer that question is to look at the capital-to-loan (debt-to-equity) ratios. These ratios are shown in Table 8.

The Federal Reserve recommends that banks maintain a ratio of one dollar for each six to eight dollars lent. This general guideline is suggested by banking experts to be an acceptable level for accomplishing two essential purposes:

1. A bank which uses ordinary prudence in evaluating loans can make loans at this ratio without endangering the safety of depositors' money.

2. Loans made in this general ratio allow sufficient safety without cutting off local sources for financing for growth and development in the community. At the same time, this guideline is used to warn banks that if they chronically lend at ratios of less than 1:6 they are unlikely to make enough money to pay savers competitive interest rates, hence deposits may decline, therefore less money is available for loans.

Table 8 shows that PASB has the best record for complying with the guideline. Because of a rash of bad loans, FFSB, TSFB, Rio Grande and Texas Stockman's are operating well beyond the recommended guideline. Edinburg State was in non-compliance, but has brought its ratio almost back to the upper limits of the acceptable range.

The research department has constructed one additional table (Table 9) which summarizes all the information as of fiscal year 1988. This table includes some

information previously discussed, but it also includes additional financial ratios including capital-to-deposits, equity-to-assets and loans-to-deposits. In general, PASB has better ratios than any of the other banks.

After reviewing this information, what conclusions can you draw about the operations of PASB? Its philosophy? Its Mission?

Close examination of accounts at PASB shows that approximately 80% of deposits come from 20% of its customers. Many of these accounts are from retailers, manufacturers, service organizations and professional people (doctors, dentists, CPAs, engineers and the like). Only about 20% of the bank's deposits come from the remaining 80% of depositors. The cost effectiveness of these accounts is very low. In fact, some of these accounts are so small that service fees routinely charged do not cover the bank's operating costs for the accounts. Hence, PASB management has already set one marketing objective: to attract more accounts in the cost-effective category.

PASB management is also deeply troubled by the wave of bank and savings and loan insolvencies plaguing other parts of the country. Locally, the impact of an uninsured savings and loans' bankruptcy four years ago is still causing waves of concern as continuing litigation reported in the press perpetuates fears and misunderstanding about current conditions in banking in the Rio Grande Valley. In addition, two banks have been acquired by major bank holding companies, although insolvency was not the catalyst for the acquisitions.

Perceptions of Banks and Banking

After consultation with the consulting team and the management of the bank, the research department conducted a survey of current attitudes about banks in general and banks in the Rio Grande Valley in particular. The research people followed these steps:

1. They reviewed the data from the bank calls analysis to confirm or modify evidence about banks' financial conditions.

2. They talked to employees and managers in many of the banks in the area.

3. They spent time in the library to read everything they could about banking in the U.S. and banking in the Valley, with particular focus on the best ways to promote banks, trends in bank failures, and public perceptions of banks.

Following this search of secondary sources, the researchers determined that primary research must be conducted to get attitudes and opinions of the local population in light of the dramatic changes occurring in the banking industry. You got authorization

from the bank's management to spend the money for the research. It wasn't easy because primary research doesn't come cheap!

The research department decided that a telephone questionnaire could get the information desired and would be the most cost effective method. A questionnaire was designed with maximum time required for completing it in a telephone interview of 10 minutes. Three meetings were required with the bank's management to reach a consensus on what should be included in the questionnaire. A pretest of the questionnaire discovered that some questions were too difficult to grasp, especially among people whose language of choice was Spanish, not English. Some questions had to be modified to make them easier to use on the telephone. The sample size was calculated to maximize confidence in representativeness of the sample to the population as a whole. Three hundred ninety eight interviews were conducted over a three week period by phoning selected households between 4:40 pm to 8:30 pm Monday through Thursday.

All data was entered to an IBM mainframe computer and analyzed using SAS (Statistical Analysis System). The following tables show the results of the analysis of the responses.

Table 10 shows results comparing perceptions of PASB customers and perceptions of customers of all **other banks** regarding the quality of services offered by banks in general.

Table 11 shows perceptions of PASB customers compared to perceptions of customers of all other banks for questions specifically directed toward the bank where respondents did business.

Table 12 again compares PASB customers to customers of all other banks regarding their perceptions about the specific reasons they selected their bank. When the responses between PASB customers and customers of all other banks were compared, the differences between the responses for three reasons (marked with an asterisk) were determined to be statistically significant at the < 0.05 level. This means that there was less than a five percent probability that differences between the responses was due to chance.

Table 13 shows index numbers calculated to weigh the importance of the items in Table 12. The higher the index number, the more important the item was perceived to be. Table 14 shows comparison of customer's perceptions of the service quality levels offered by banks. Table 15 indexes perceptions of certain characteristics of banks as the respondents perceived them.

Table 16 shows frequency of use of various services offered by banks. Table 17 ranks the services using a calculated index number. As you might expect, checking account use was most frequent and estate planning was least used.

The research department has turned all the data and tables over to your consulting team. You need to spend some time to determine the meaning of the data shown in the tables.

Insert 17 Tables Here

Table 1 Total Time Deposits for Edinburg Banks * (000) (Periods ending December 31)

Year	PASB	%Tot	FFSB	%Tot	TSFB	%Tot	ESB	%Tot	RGFB	%Tot	TSB	%Tot	Total	%G	Cum % G
1966	4,364	32	4,165	30	5,172	38	—		—		—		13,683	—	—
1971	7,482	25	7,166	24	10,044	33	3,838	13	1,593	5	—		30,123	120	120
1976	21,377	25	14,172	16	28,317	33	12,508	14	10,549	12	—		86,923	189	535
1982	34,522	21	26,279	16	57,450	36	32,907	20	10,065	6	—		162,223	87	1,173
1983	43,818	20	31,373	14	88,938	41	42,300	19	10,813	5	1,233	1	218,475	35	1,497
1984	47,815	16	57,055	20	107,566	37	56,481	19	13,486	5	7,447	2	289,832	33	2,018
1985	63,877	16	67,080	17	148,343	38	79,461	20	17,225	5	15,382	4	391,368	35	2,760
1986	78,588	16	65,921	14	182,124	38	97,877	13	25,101	5	30,993	6	480,604	23	3,412
1987	96,154	18	99,907	18	192,301	34	108,691	19	31,930	6	36,839	7	565,822	18	4,035
1988	104,729	19	108,625	20	194,303	35	105,932	19	38,432	7	**		552,021	(2)	4,034

* Derived from bank calls

** Did not appear in last bank call. Growth and cumulative growth figures are, therefore, distorted.

Table 2 Total Demand Deposits of Edinburg Banks*(000) (Periods ending December 31)

Year	PASB	%Tot	FFSB	%Tot	TSFB	%Tot	ESB	%Tot	RGFB	%Tot	TSB	%Tot	Total	%G	Cum % G
1966	3,898	24	5,796	36	6,593	40	—		—		—		16,287	—	—
1971	5,212	22	5,798	24	8,422	35	3,094	13	1,341	6	—		23,867	65	65
1976	9,199	20	10,058	21	16,129	32	7,125	15	4,305	9	—		46,816	96	187
1982	15,934	16	13,223	16	30,207	37	17,158	21	5,361	7	—		81,883	75	403
1983	18,322	19	13,454	14	38,497	39	20,272	21	6,239	7	1,247	1	98,031	20	502
1984	21,482	19	19,260	17	41,295	36	23,070	20	6,149	5	4,362	4	115,618	18	610
1985	15,643	13	16,674	14	50,891	42	26,722	22	6,281	5	6,396	5	122,607	6	653
1986	15,539	15	15,074	15	36,808	36	21,694	21	6,924	7	7,287	7	103,331	-2	534
1987	16,760	15	15,868	14	37,598	34	20,084	18	5,903	5	15,162	14	111,375	10	584
1988	14,358	16	15,503	17	37,357	41	19,137	21	5,397	6	**		91,752	-7	563

* Derived from bank calls

** Did not appear in last bank call. Growth and cumulative growth figures are, therefore, distorted.

Table 3 Total Deposits for Edinburg Banks * (000) (Periods ending December 31)

Year	PASB	%Tot	FFSB	%Tot	TSFB	%Tot	ESB	%Tot	RGFB	%Tot	TSB	%Tot	Total	%G	Cum % G
1966	8,244	27	9,961	33	11,765	40	—		—		—		28,970	—	—
1971	12,694	24	12,964	25	18,466	34	6,932	13	2,934	5	—		53,990	86	86
1976	21,377	23	24,230	18	44,446	33	19,634	15	14,853	11	—		133,739	148	362
1982	30,576	21	39,502	16	88,657	36	50,065	21	15,426	6	—		244,106	83	742
1983	62,140	20	44,827	14	127,435	40	62,572	20	17,052	5	2,480	1	316,506	30	993
1984	69,297	17	70,015	18	148,861	37	79,551	20	19,617	5	11,809	3	399,150	26	1,078
1985	79,520	15	93,754	16	199,234	39	106,183	21	23,506	5	21,778	4	513,975	29	1,674
1986	94,127	16	81,000	19	219,722	38	119,571	20	32,025	5	38,280	7	584,725	14	1,918
1987	112,914	17	115,775	17	229,899	34	128,775	19	37,833	6	52,001	8	677,197	16	2,238
1988	119,113	17	124,128	18	231,660	33	125,069	18	43,830	6	61,882	9	705,682	4	2,336

* Derived from bank calls

Table 4 Total Assets of Edinburg Banks*(000) (Periods ending December 31)

Year	PASB	%Tot	FFSB	%Tot	TSFB	%Tot	ESB	%Tot	RGFB	%Tot	TSB	%Tot	Total	%G	Cum % G
1966	13,124	28.7	15,473	33.8	17,139	37.5	—		—		—		45,736	—	—
1971	19,689	24.3	17,117	21.2	25,708	31.8	10,708	13.3	7,630	9.4	—		80,899	76.9	76.9
1976	34,535	22.9	27,380	18.2	48,909	32.5	22,202	14.8	17,460	1106	—		150,487	86.0	229.0
1982	56,665	20.2	51,277	18.3	100,071	35.8	54,545	18.5	17,303	6.2	—		279,861	85.9	511.9
1983	69,550	19.3	60,005	16.7	138,977	38.6	68,053	18.9	18,984	5.3	4,081	1.1	359,650	28.5	686.4
1984	77,989	17.7	77,540	17.6	163,464	37.0	86,412	19.6	22,239	5	13,684	3.1	441,328	22.7	864.9
1985	90,189	15.6	97,540	16.9	218,861	37.4	117,402	20.3	27,483	4.6	26,684	4.6	577,852	30.9	1163.5
1986	106,423	15.7	114,419	16.9	249,862	36.8	131,113	19.3	35,696	3.8	41,778	6.2	679,291	17.6	1385.5
1987	125,474	16.7	129,312	17.2	255,515	34.0	140,669	18.7	41,787	5.6	58,040	7.7	750,797	10.5	1540.6
1988	133,451	17.3	134,118	17.4	252,911	32.8	137,106	17.8	47,713	6.2	66,503	8.6	771,802	10.3	1587.5

* Derived from bank calls

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Table 5 Index of Total Assets for Edinburg Banks* (000) (Periods ending December 31)

Year	PASB	FFSB	TSFB	ESB	RGFB	TSB	Combined
1966	12	14	7	—	—	—	7
1971	18	15	10	8	21	—	12
1976	32	30	20	17	49	—	22
1982	53	49	40	42	48	—	41
1983	65	52	57	52	53	10	53
1984	73	68	65	66	62	33	65
1985	85	85	86	90	77	63	85
1986	100	100	100	100	100	100	100
1987	119	113	102	107	117	138	111
1988	125	117	101	105	134	159	114

* Derived from bank calls
Base year is 100% of total assets of each bank.

Table 6 Total Loans of Edinburg Banks*(000) (Periods ending December 31)

Year	PASB	%Tot	FFSB	%Tot	TSFB	%Tot	ESB	%Tot	RGFB	%Tot	TSB	%Tot	Total	%G	Cum % G
1966	5,636	30	5,713	30	7,816	40.0	—		—		—		19,165	—	—
1971	8,914	23	9,590	24	13,365	34.0	5,085	13	2,405	6	—		39,359	105	105.0
1976	17,749	22	14,468	18	27,828	34.0	11,860	15	8,848	11	—		80,753	105	321.0
1982	29,235	19	24,320	16	28,508	36.0	32,907	21	10,986	7	—		155,956	75	713.0
1983	34,402	17	31,660	16	77,416	39.0	41,362	21	12,265	6	541	1	197,557	21	931.0
1984	41,462	16	44,077	17	97,707	38.0	50,445	19	14,742	6	8,041	6	256,391	30	1238.0
1985	48,806	10	58,580	12	130,725	27.0	76,126	16	19,950	4	15,263	3	489,760	23	2455.0
1986	63,382	14	67,229	15	167,748	38.0	84,251	19	26,718	6	29,815	7	439,043	-1	2191.0
1987	68,215	15	69,238	15	167,443	36.0	90,728	19	31,991	7	38,630	8	466,245	6	2332.0
1988	70,421	14	76,994	16	183,106	37.0	85,057	17	34,432	7	43,374	9	493,384	6	2474.0

* Derived from bank calls

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Table 7 Total Capital for Edinburg Banks * (000) (Periods ending December 31)

Year	PASB	%Tot	FFSB	%Tot	TSFB	%Tot	ESB	%Tot	RGFB	%Tot	TSB	%Tot	Total	%G	Cum % G
1966	1,090	31	1,011	29	1,379	40	---		---		---		3,480	—	---
1971	1,349	22	1,334	22	1,887	31	960	16	590	9	---		6,120	76	86
1976	2,818	24	2,231	19	3,646	36	1,837	16	1,040	9	---		11,572	89	362
1982	5,382	27	3,447	17	6,597	33	3,064	15	1,463	7	---		19,953	72	742
1983	6,104	24	4,186	17	8,196	32	3,773	15	1,443	6	1,548	6	25,250	27	993
1984	6,977	23	6,147	20	9,965	32	4,610	15	1,550	5	1,689	6	30,938	11	1,078
1985	7,996	21	7,290	19	13,137	34	6,044	16	1,734	5	2,046	5	38,250	24	1,674
1986	9,417	20	8,353	19	16,247	35	7,647	17	2,150	5	2,530	6	46,344	21	1,918
1987	11,059	21	8,461	16	17,190	33	9,585	18	2,224	4	3,730	7	52,359	13	2,238
1988	11,882	24	6,242	13	15,254	31	9,630	20	3,221	7	3,271	7	49,500	-6	2,336

* Derived from bank calls

Table 8 Edinburg Banks' Captial-to-Loan Ratios* (Periods ending December 31)

Year	PASB	FFSB	TSFB	ESB	RGFB	TSB	Mean
1966	1:8.2	1:5.7	1:6.7	---	---	---	1:6.9
1971	1:6.6	1:7.2	1:7.1	1:5.3	1:4.1	---	1:6.1
1976	1:6.3	1:6.5	1:7.6	1:6.5	1:8.5	---	1:7.1
1982	1:5.4	1:7.0	1:8.7	1:10.7	1:7.5	---	1:7.9
1983	1:5.6	1:7.6	1:9.4	1:11.0	1:8.5	1:0.3	1:7.1
1984	1:5.9	1:7.2	1:9.8	1:10.9	1:9.5	1:4.8	1:8.1
1985	1:6.1	1:8.0	1:9.6	1:12.6	1:11.5	1:7.4	1:9.2
1986	1:6.7	1:8.0	1:10.3	1:11.0	1:12.4	1:11.8	1:10.0
1987	1:6.2	1:8.9	1:9.7	1:9.5	1:13.7	1:10.4	1:9.7
1988	1:6.9	1:12.3	1:12.0	1:8.8	1:10.7	1:13.3	1:9.7

* Derived from bank calls

Table 9 Edinburg Banks' Compared on Key Dinensions in 1988 (000)

	PASB	FFSB	TSFB	ESB	RGFB	TSB
Total Assets	133,451	134,118	252,911	137,106	47,713	66,503
Equity Capital	11,882	6,242	15,254	9,630	3,221	3,271
Total Deposits	119,113	124,128	231,660	125,069	43,830	61,882
Equity-to-Liabilities	10.0	5.0	6.6	7.7	7.3	5.3
Loans	70,421	46,994	183,106	85,057	34,432	43,374
Equity-to-Assets	8.9	4.7	6.0	7.0	6.8	4.9
Loans-to-deposits	59.1	62.0	79.0	68.0	78.6	70.1
Loans-to-Capital	5.9	12.3	12.0	8.8	10.7	13.3
Time Deposits	104,729	108,625	194,303	105,932	38,432	**
Demand Deposits	14,384	15,503	37,357	19,137	5,397	**

** Not available because of missing data in final bank call of 1988.

Table 10 Perceptions of Respondents about Banks in General

Attitudinal Concepts	PASB SA	PASB A	PASB N	PASB D	PASB SDA	All Other Banks SA	All Other Banks A	All Other Banks N	All Other Banks D	All Other Banks SDA
• Banks today are more financially secure than they were five years ago.	6.2	40.0	15.5	37.7	4.4	2.8	33.9	18.4	40.7	3.9
• Banks today are more cautious about lending money than they were five years ago.	8.8	66.6	11.1	11.1	2.2	18.1	53.2	15.5	12.1	0.8
• Banks today have a better record of guarding deposits than they had five years ago.	6.6	37.7	40.0	13.3	2.2	3.4	43.9	31.1	19.8	1.7
• I have more confidence in banks today than I did five years ago.	6.6	28.8	13.3	48.8	2.2	2.2	32.5	21.8	36.8	6.5
• I am less concerned today with the safety of deposits in banks than I was five years ago.	4.4	44.4	20.0	31.1	—	2.8	32.6	18.7	41.7	3.9
• I believe banks today are more financially stable than they were five years ago.	6.6	24.4	13.3	51.1	4.4	1.4	26.9	14.4	54.2	2.8
• Laws and regulations are more adequate today to protect depositors than they were five years ago.	6.5	46.6	28.6	20.8	—	2.5	45.3	32.0	18.4	1.7
• The general public has more confidence in banks today than they did five years ago.	4.4	26.8	8.8	51.1	8.8	1.7	18.7	13.3	59.3	6.8
• It is more important for people to personally know their bankers today than it was five years ago.	11.1	71.1	11.1	6.7	—	13.8	55.2	15.0	15.8	—

Note: SA = strongly agree; A = agree; N = neither agree nor disagree; D = disagree; SDA = strongly disagree.

Table 11 Perceptions of Respondents about Their Own Banks

Attitudinal Concepts	PASB SA	PASB A	PASB N	PASB D	PASB SDA	All Other Banks SA	All Other Banks A	All Other Banks N	All Other Banks D	All Other Banks SDA
• My bank is more financially secure today than five years ago.	6.6	35.5	44.4	13.3	—	5.1	37.6	475	9.0	0.5
• My bank is more cautious today about lending than it was five years ago.	8.9	44.4	42.2	4.4	—	9.9	44.7	39.0	6.2	—
• My bank has a better record of guarding deposits than it did five years ago	6.6	46.6	46.6	—	—	4.8	36.9	53.6	4.5	—
• I have more confidnece in my bank than I had five years ago.	6.6	40.0	46.6	6.7	—	3.9	36.2	42.7	16.4	0.5
• I am less concerned today with the safety of deposits in my bank than five years ago.	6.6	42.2	40.0	11.1	—	3.4	28.3	39.9	26.0	2.2
• I believe my bank today is more financially stable than it was five years ago.	4.4	40.0	48.8	6.6	—	5.1	36.8	48.1	8.5	1.4
• It is more important for me to personally know my bankers today than it was five years ago.	8.8	44.4	28.8	17.7	—	11.6	42.4	30.0	15.3	0.5

Note: SA = strongly agree; A = agree; N = neither agree nor disagree; D = disagree; SDA = strongly disagree.

Table 12 Frequency of Reasons Why Respondents Selected Their Banks

Reasons	PASB				All Other Banks			
	VI	I	SI	UI	VI	I	SI	UI
• Ease of getting to bank from home.	17.7	44.4	17.7	20.0	25.5	43.6	15.0	15.8
• Ease of getting to bank from work.	13.3	35.5	15.5	35.5	14.7	31.4	18.1	35.6
• Interest rates on regular savings accounts.	17.7	53.3	8.8	20.0	15.0	40.2	13.0	31.7
• Interest rates on checking accounts.	17.7	51.1	4.4	26.6	15.3	36.5	11.3	36.8
• Interest rates on certificates of deposit or money market certificates	24.4	40.0	2.2	33.3	22.6	36.2	7.0	33.9
• Interest rates on personal loans	28.8	42.2	6.6	46.6	15.3	23.2	8.2	53.2
• Convenience of banking hours.*	48.8	24.4	8.8	17.7	40.2	45.3	7.3	7.0
• Convenience of branch banking.	13.3	22.2	6.6	57.7	20.1	33.1	10.2	36.5
• Convenience of ATMs.*	24.2	24.2	—	51.1	26.6	28.3	11.3	33.7
• Convenience of drive-in tellers.	37.7	40.0	8.8	13.3	33.9	43.6	11.6	10.7
• Convenience of 24-hour depository.	17.7	24.4	15.5	42.2	15.0	30.5	15.0	39.3
• Quality of financial counseling and guidance.*	8.8	51.1	4.4	35.5	17.2	36.2	16.1	30.3
• Financial strength of the bank.	51.1	44.4	2.2	2.2	47.3	42.2	5.9	4.5
• Willingness to consider my financial needs fairly.	24.4	68.8	4.4	2.2	37.3	47.8	7.6	7.0
• Monthly statements from my bank are easy to understand.	55.5	40.0	2.2	2.2	47.5	44.1	5.6	2.5
• Personally acquainted with an officer at the bank.	15.5	44.4	2.2	37.3	16.4	32.5	15.5	35.4
• Personally acquainted with other bank personnel.	11.1	28.8	11.1	48.8	7.6	27.7	20.9	43.6
• Variety of services at the bank.	20.0	64.4	4.4	11.1	23.2	52.6	17.2	6.8
• Professional handling of loan applications.	20.0	51.2	4.4	24.4	28.0	43.9	8.5	19.5
• Safety of my deposits at this bank.	66.6	28.8	—	4.4	55.8	37.1	4.5	2.5
• Trustworthiness of bank officers.	64.4	35.5	—	—	57.1	34.9	4.5	3.4

Note: VI = very important; I = important; SI = somewhat important; UI = unimportant.
• Differences are statistically significant at $a < 0.05$.

Table 13 Index of Reasons Why Respondents Selected Their Banks

Reasons	PASB	Other Banks
• Trustworthiness of officers.	364	345
• Safety of my deposits at this bank.	357	346
• Monthly statements from my bank are easy to understand.	348	336
• Financial strength of this bank.	315	332
• Willingness to consider my financial needs fairly.	315	315
• Convenience of banking hours.	304	318
• Convenience of drive-in tellers.	302	300
• Variety of services at this bank.	293	292
• Interest rates on personal loans.	273	259
• Interest rates on regular savings account.	268	238
• Professional handling of loan applications.	266	280
• Interest rates on checking accounts.	260	240
• Interest rates on certificates of deposit or money market certificates	255	247
• Personally acquainted with a bank officer.	237	230
• Quality of financial counseling and guidance.	233	240
• Ease of getting to bank from work.	226	225
• Convenience of ATMs.	222	247
• Convenience of 24-hour depository.	217	221
• Interest rates on commercial or business loans	208	200
• Personally acquainted with some bank personnel.	202	199
• Convenience of branch banking.	191	236

Table 14 Perceptions ofQuality of Services Given by Banks

Services	PASB D	W	2M	M	2Y	1Y	E	N
Regular checking account	55.5	24.4	11/1	4.4	—	—	—	4.4
Commercial or business checking account	4.4	13.3	2.2	—	—	2.2	2.2	75.5
Checking account with interest	17.7	4.4	6.6	6.6	2.2	—	2.2	60.0
Certificate of deposit account	4.5	4.5	—	9.0	2.2	9.9	2.2	68.1
Money market checking account	2.2	2.2	—	4.4	—	—	2.2	88.8
Passbook savings account	—	—	4.0	13.3	4.4	4.4	6.6	66.6
Money market savings account	—	2.2	—	2.2	2.2	4.4	—	88.8
Automobile loan	—	—	—	16.6	—	5.2	11.2	56.7
Home improvement loan	—	—	2.2	—	—	2.2	2.2	93.3
Personal loan	—	—	—	—	—	13.3	11.1	75.5
Business loan	—	—	—	—	4.4	—	4.4	91.1
Construction loan	—	—	—	—	—	2.2	—	97.7
Estate planning services	—	—	—	—	—	—	2.2	97.7
Personal trust services	2.2	—	—	2.2	2.2	2.2	—	91.1
Drive-in tellers	11.1	28.8	28.8	15.5	4.4	2.2	2.2	6.6
Automatic teller machines	2.2	17.7	6.6	2.2	4.4	—	4.4	62.2
Buy or sell stocks or options	—	—	—	—	—	2.2	—	95.5
But or sell govt. or muni bonds*	—	—	—	—	2.2	6.6	2.2	88.8
IRA or KEOGH retirement account	—	—	—	—	—	2.2	2.2	95.5
VISA or MC account	2.2	4.4	2.2	11.1	—	8.8	2.2	68.8
Cashier's checks or money orders	—	2.2	6.6	6.6	2.2	26.6	17.7	37.7
Traveler's checks	—	—	—	—	13.3	24.4	13.3	48.8
U.S. savings bonds*	—	2.2	—	2.2	4.4	2.2	2.2	86.6
Foreign currency exchange	—	—	—	—	2.2	4.4	4.4	88.8
Direct deposit	—	6.6	13.3	17.7	—	—	4.4	57.7
Night deposit	—	—	11.1	13.3	5.5	2.5	7.6	11.3
Safety deposit box	2.2	—	—	2.2	8.8	13.3	2.2	71.1
Financial planning and counseling	—	—	—	—	2.2	4.4	6.6	86.6

Note: D = daily; W = weekly; 2M = Twice monthly; M = monthly; 2Y = twice yearly; Y = yearly; E = ever; N = never..

• Differences are statistically significant at $a < 0.05$.

Table 15 Index of Quality of Services Given by Banks

Reasons	PASB	Other Banks
• Pleasantness of atmosphere at my bank.	431	407
• Efficiency of taking care of my banking needs.	424	390
• Reliable and accurate handling of my banking transactions.	420	391
• Knowledgeable handling of my financial needs.	402	364
• Fairness of bank policies.	397	357
• Adequacy of information on loans and interest.	380	350
• Ease of discussing financial needs with and officer.	371	346
• Interest or dividends paid on deposits or investments.	360	344
• Professional handling of loan applications.	357	342
• Availability of loan officer.	353	343
• Ease of applying for personal loan.	351	343

Table 16 Frequency of Use of Bank Services

Services	PASB D	W	2M	M	2Y	1Y	E	N
Regular checking account	55.5	24.4	11/1	4.4	—	—	—	4.4
Commercial or business checking account	4.4	13.3	2.2	—	—	2.2	2.2	75.5
Checking account with interest	17.7	4.4	6.6	6.6	2.2	—	2.2	60.0
Certificate of deposit account	4.5	4.5	—	9.0	2.2	9.9	2.2	68.1
Money market checking account	2.2	2.2	—	4.4	—	_	2.2	88.8
Passbook savings account	—	—	4.0	13.3	4.4	4.4	6.6	66.6
Money market savings account	—	2.2	—	2.2	2.2	4.4	—	88.8
Automobile loan	—	—	—	16.6	—	5.2	11.2	56.7
Home improvement loan	—	—	2.2	—	—	2.2	2.2	93.3
Personal loan	—	—	—	—	—	13.3	11.1	75.5
Business loan	—	—	—	—	4.4	—	4.4	91.1
Construction loan	—	—	—	—	—	2.2	—	97.7
Estate planning services	—	—	—	—	—	—	2.2	97.7
Personal trust services	2.2	—	—	2.2	2.2	2.2	—	91.1
Drive-in tellers	11.1	28.8	28.8	15.5	4.4	2.2	2.2	6.6
Automatic teller machines	2.2	17.7	6.6	2.2	4.4	—	4.4	62.2
Buy or sell stocks or options	—	—	—	—	—	2.2	—	95.5
But or sell govt. or muni bonds*	—	—	—	—	2.2	6.6	2.2	88.8
IRA or KEOGH retirement account	—	—	—	—	_	2.2	2.2	95.5
VISA or MC account	2.2	4.4	2.2	11.1	—	8.8	2.2	68.8
Cashier's checks or money orders	—	2.2	6.6	6.6	2.2	26.6	17.7	37.7
Traveler's checks	—	—	—	—	13.3	24.4	13.3	48.8
U.S. savings bonds*	—	2.2	—	2.2	4.4	2.2	2.2	86.6
Foreign currency exchange	—	—	—	—	2.2	4.4	4.4	88.8
Direct deposit	—	6.6	13.3	17.7	—	—	4.4	57.7
Night deposit	—	—	11.1	13.3	5.5	2.5	7.6	11.3
Safety deposit box	2.2	—	—	2.2	8.8	13.3	2.2	71.1
Financial planning and counseling	—	—	—	—	2.2	4.4	6.6	86.6

Note: D = daily; W = weekly; 2M = Twice monthly; M = monthly; 2Y = twice yearly; Y = yearly; E = ever; N = never..

• Differences are statistically significant at $a < 0.05$.

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Table 17 Index of Frequency of Bank Service Use

Services	PASB	Other Banks
Regular checking account	701	719
Drive-in tellers	577	578
Checking account with interest	320	257
Direct deposit	282	282
Automatic teller machines	282	409
Cashier's checks or money orders	251	250
Commercial or business checking	228	221
Certificate of deposit account	222	176
Visa or MC account	217	188
Passbook savings	204	262
Travelers checks	202	198
Night depository	188	207
Safety deposit	180	169
Automobile loan	155	152
Money market checking account	148	146
U.S. savings bonds	140	110
Personal loan	137	155
Money market savings	137	144
Personal trust service	133	123
Financial counseling and planning	122	136
But or sell govt or muni bonds	122	107
Foreign currency exchange	120	115
Business loan	117	127
Home improvement loan	115	110
Buy or sell stocks or options	108	113
IRA or KEOGH	106	124
Construction loan	104	113
Estate Planning	102	106

New Situation

The consulting team received a call from Ima Monichanger, president of PASB, to inform us of a critical situation for the bank. South Carolina American Bank (SCAB) will acquire PASB in a friendly takeover. Effective date of the takeover will be May 15, 1990. Today is April 1, 1990. The following facts supplied by Monichanger may be helpful:

Acquiring Bank:	South Carolina American Bank (SCAB) Columbus, SC
Key Players:	Hugh Betcherlife CEO and Chairman of the Board of SCAB
	Mark Mywords President of SCAB
	A. Ostel Takover Vice President and designated president for SCAB–Texas
Purchase Price:	$150 million in cash or stock trade.
	note: Both PASB and SCAB are publicly-held corporations.
	PASB closed yesterday at $45/share (NASDAQ). SCAB closed yesterday at $75/share (NYSE).
	Bid is $52/share or 1 1/2 PASB shares for 1 share SCAB.
	This is seen as a positive takeover attempt.
Dates to remember:	April 6, Friday–SCAB executive board comprised of the key players will arrive in Edinburg.
	April 9, Monday– Meeting of the SCAB executive board and the PASB Executive Council (Monichanger; Manual Labor, executive vice-president; Cantella Lie, vice-president of human resources; Bob Feraples, vice-president for commercial loans) to discuss strategies for the acquisition period.
	April 12, Thursday– PASB board of Directors' meeting to officially vote to accept the buyout offer and to officially issue announcement of the acquisition.

May 14, Monday– Official transfer of control from PASB Board to SCAB.

Our Assignment:

Since we are already familiar with PASB's situation on the Rio Grande Valley, we have been asked to prepare a plan for total communication to all significant publics relative to the takeover action.

Monichanger asked us to prepare the plan to present to the combined executive committees at the April 9 meeting. The plan must include all communication activities to all audiences throughout the acquisition period.

The report should be submitted to Hugh Betcherlife.

An oral presentation must be prepared to present the plan to the committees. We will have about 20 minutes on the agenda to present our plan.

I called Betcherlife this morning to get some background information you will probably need.

SCAB has assets of $5.3 billion. They can be classified as financially secure with an aggressive marketing philosophy resulting in expansion of business through introduction of new banking services and active promotion of them. SCAB has operations in seven (7) Southeastern states. Acquisition of PASB is SCAB's first move into Texas, although it will not be the only acquisition in Texas.

SCAB's acquisition is based on two objectives. One, the diversifying economy of the Rio Grande Valley and the expansion of the *maquilas* (manufacturing plants located along the Texas/Mexico border) provide significant opportunity for an aggressive bank. Two, SCAB's executives see PASB's acquisition as opening a gateway to entering financial markets in Central and South America. They seek such a gateway because they believe there is tremendous market potential. This conclusion is based on:

(1) The belief that most revolutionary activities affecting some Central American countries will subside during the next five years as events already occurring in Nicaragua portend.

(2) The belief that oil prices will begin to rise in late 1990 with steady increases to $35 bbl by 1995.

(3) The belief that expansion of the maquilas along the border and in the interior of Mexico shows promise of accelerating as labor, raw material, and transportation problems are overcome.

(4) The belief that performance of current Mexican leadership indicates a stable political environment for at least the next five years.

SCAB acquired fourteen banks in Florida in 1987 (all banks belonging to First Florida Fiduciary) with the objective that they would be the gateway to Central and South America. In reality, FFF was in a weaker position in the Florida market than SCAB realized and the performance of the banks has been disappointing to management. The perception is that the closer relationship with Mexico across the border and the common financial concerns will provide a more effective basis for moving into Mexican markets.

THE ORGANIZATION AUDIT

Part 1 - ENVIRONMENT

I. Macroenvironment

A. Economic-Demographic

1. What does the company expect in the way of inflation, material shortages, unemployment and credit availability in the short run, intermediate run and long run?
2. What effect will forecasted trends in size, age distribution and regional distribution of population have on the business?

B. Technology

1. What major changes are occurring in product technology? In process technology?
2. What are the generic substitutes that might replace this company's products?

C. Political-Legal

1. What laws are being proposed that may affect the marketing, production or distribution strategies and tactics?
2. What federal, state and local agency actions should be watched? What is happening in the areas of environmental control, equal opportunity employment, product safety, advertising, price control, etc. that is relevant to strategic planning?

D. Social-Cultural

1. What attitudes are the public taking toward business and toward products such as those distributed by this company?
2. What changes are occurring in customer life styles and values that have a bearing on the company's markets and operations?

II.. Task Environment

A. Markets

1. What is happening to market size, growth, geographic distribution and profits?
2. What are the major market segments? What are the expected rates of growth? Which are high opportunity and low opportunity segments?

B. Customers

1. How do current prospects and customers rate the company and its competitors, particularly with respect to reputation, product quality, service, sales and price?
2. How do different classes of customers make their buying decisions?
3. What are the evolving needs and satisfactions being sought by the buyers in this market?

C. Competitors

1. Who are the major competitors? What are the objectives and strategies of each major competitor? What are their strengths and weaknesses? What are the sizes and trends in market share?
2. What trends can be seen in future competition and potential substitutes for the product offered?

D. Distribution and Dealers

1. What are the main trade channels bringing this company's products to customers?
2. What are the efficiency levels and growth potential of the different trade channels?

E. Suppliers

1. What is thew outlook for the availability of key resources used in producing this company's products?
2. What trends are occurring among suppliers in their pattern of selling?

F. Facilitators
1. What is the outlook for the cost and availability of transportation services?
2. What is the outlook for the cost and availability of warehousing?
3. What is the outlook for the cost and availability of financial resources?
4. How effective is advertising and public relations? What trends are occurring in these services?

PART 2 - STRATEGY AUDIT

I. Objectives

A. Operational objectives
1. Are the corporate objectives clearly stated and do they logically lead to operating objectives?
2. Are the operating objectives clearly stated and used as a guide to performance?
3. Are the operating objectives appropriate given the environmental constraints?

B. Strategy
1. What is the core strategy for achieving objectives? Is it a sound strategy?
2. Are enough resources available to accomplish the objectives?
3. Are the resources allocated optimally to the prime needs for achieving the objectives?

PART 3 - ORGANIZATION AUDIT

I. Structure

A. Formal Structure
1. Is the formal structure appropriate to meeting environmental threats and opportunities?
2. Are the responsibilities of the hierarchy distributed appropriately to assure adequate response to changes?

B. Informal Structure
1. Is the informal structure appropriate to the organization achieving objectives.
2. Does the informal structure work for or against the common goal?

C. Functional Efficiency
1. Are the internal communication channels open with good working relationships between organization elements?
2. Is the production-management system operating efficiently for delivery of product at the most profitable level?
3. Are there any groups within the organization needing additional training or development?

D. Interface efficiency
1. Is there conflict between intraorganization groups?
2. Can intraorganization conflict be controlled?

PART 4 - SYSTEMS AUDIT

I. Information system

A. Information system
1. Is the organization intelligence system producing accurate, sufficient and timely information about developments in the marketplace?

2. Is research being adequately used by company decision makers?

B. Planning system
   1. Is the planning system well conceived and effective?
   2. Is forecasting soundly carried out?
   3. Are predictions based on appropriate data?

C. Control system
   1. Are control procedures adequate to ensure that tracking toward objectives is on target?
   2. Is provision made to periodically analyze the profitability of different organization activities to allow for mid-course corrections?
   3. Is provision made to periodically review operational costs?

D. New product development
   1. Is the company organized to gather, generate, screen and evaluate new product ideas.
   2. Does the company do adequate concept research and analysis to reduce uncertainty?
   3. Does the company carry out adequate market testing before launching a new product?

PART 5 - PRODUCTIVITY AUDIT

I. Profitability

A . Profitability analysis
   1. What is the profitability of the company's products or divisions?
   2. Should the company expand, reduce, withdraw from any business segments based on the short and long term profit consequences?

B. Cost-Effectiveness Analysis
   1. Do any organization activities appear to have excessive costs associated? Can cost cutting steps be initiated?

This outline is a suggested outline only and is not to be interpreted as a comprehensive list of questions that should be asked about an organization during a situational audit. There are many areas of consideration that must be addressed, some by questions that do not appear here. The type of business and the specific operating environment may require shifts in emphasis on the questions asked. Use this outline as a beginning point and let your critical mind move to areas of concern.

Sample Reading List

Strategic Communication Policy and Practice

This list illustrates the types of articles and books that can be used to sensitize students to problems found in cross-cultural communication. It is not intended to be a comprehensive list of available articles, books or periodicals.

Articles

Barnhind, Dean, C. "Public and Private Self in Communicating with Japan." *Business Horizons*, March-April, 1989. pp 32-30.

> The author proposes a model similar to the Johari Window concept. The article illustrates the idea of the need to examine the other person's notions of self and how much of that self he/she is willing to reveal in interpersonal communication in cross-cultural situations. Global application extends beyond the Japanese.

Barnum, Cynthia. "Why Americans Fail at Overseas Negotiation." *Management Review*. October, 1989. pp 55-57.

> Discusses communication breakdowns that occur during negotiations among people of diverse cultures. Application of concept is pertinent to any cross-cultural negotiation.

Fouke, Carol J. "Sensitivity to Cultures Builds Foreign Markets." *Marketing News*. June, 19, 1989. pp 8-9.

> The author examines common stereotypes used in marketing campaigns and how to avoid being trapped by stereotypes while using cultural images in marketing campaigns.

Katayama, Frederick Hiroshi. "How to Act Once You Get There." *Fortune* (Special Issue). Fall, 1989. pp 87-88.

> The article discusses key differences between Asian and American business practices.

Knotts, Rose. "Cross-cultural Management: Transformations and Adaptations." *Business Horizons*. Jan-Feb., 1989. pp 29-33.

> The author presents several problems encountered during cross-cultural communication and possible solutions.

LaPoole, Samfrits. "Negotiating with Clint Eastwood in Brussels. *Management Review*. October, 1989. pp 58-60.

> The article provides suggestions for effective negotiation with foreign nationals.

Newsom, Douglas and **Carrell, Bob J.** "Critical Premises Concerning Guidelines for Successful Information Campaigns in Developing Democracies." Working paper available from the authors.

The authors provide insight into the difficulty of communicating in the cross-cultural settings internal to individual countries where communication problems are compounded by the differences among cultures in a given country.

Nimgade, Ashok. "American Management as Viewed by International Professionals. *Business Horizons*. Nov. Dec. 1989. pp 98-105.

The author presents a discussion of how American managers are viewed by foreign national.

Sturges, David. "Models of Social Change: Roadmaps for Organizational Adaptation." Proceedings of the 25th Annual Meeting of the Eastern Academy of Management. May, 1988.

The author analyzes communication strategies and implementation by the Mexican Federal government in its efforts between 1977 and 1982 called the Social Values Reinforcement Program. The structure of the model used as the basis for analysis (suggested by Ira Kaufman) is applicable to analyzing communication programs in any cultural setting and can assist communicators to identify and isolate communication needs.

Whitehall, Arthur. "American Executives Through Foreign Eyes." Business Horizons. May-June, 1989. pp 42-48.

Americans think differently from other nationals. The author suggests that Americans should try to see themselves from the other person's (foreign nationals) viewpoint.

Books

Ricks, David. *Big Business Blunders: Mistakes in Multinational Working*. Homewood, IL.: Dow Jones-Irwin, 1979).

Harris, Philip and **Moran, Robert.** *Managing Cultural Differences*. Gulf Publishing Co. 2nd Ed. 1987.

Periodicals

Management Review. American Management Association. New York. A column in each edition discusses international and cross-cultural issues. Many are applicable to communication concerns.

The International Executive. American Management Association. New York. A specialized publication founded by American Graduate School of International Management (Thunderbird) and recently acquired by AMA.